

Message Text

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51

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03

ACDA-19 DRC-01 /193 W

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R 151135Z JUL 74

FM AMEMBASSY NIAMEY

TO SECSTATE WASHDC 8375

INFO AMEMBASSY ABIDJAN

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L NIAMEY 2374

E.O. 11652: GDS

TAGS: AMIN, NG

SUBJ: ESSO ESTERN, INC. NEGOTIATES FOR URANIUM CONCESSION

1. JACK FROST AND JOHN BACKUS OF ESSO EASTERN, INC. OF HOUSTON ARE CURRENTLY IN NIAMEY FOR ANOTHER ROUND OF NEGOTIATIONS WITH GON FOR 5-YEAR URANIUM CONCESSIONS. AS DEPARTMENT WILL RECALL, ESSO REPRESENTATIVES FIRST EXPRESSED INTEREST IN URANIUM CONCESSIONS LAST WINTER AND WERE DISCUSSING MATTER WITH GON WHEN COUP OCCURRED. ACCORDING TO FROST, ESSO IS DEFINITELY INTERESTED IN CONCESSION AND IS PREPARED TO SPEND FAIR AMOUNT OF TIME AND MONEY TO COME TO TERMS WITH GON.

2. ESSO IS CONSIDERING TWO AREAS ROUGHTLY NORTHEAST OF AGADEZ AND ANOTHER SOUTHWEST WHICH GON HAS OFFERED BUT WOULD PREFER CONCESSION #50 ALSO IN SAME GENERAL AREA AND CURRENTLY
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HELD BY FRENCH WHOSE RIGHTS EXPIRE IN EARLY 1975. LATTER

REPORTEDLY HAS PROVED URANIUM DEPOSITS. ESSO PLANS TO SPEND FIRST YEAR IN AERIAL SURVEY AND IF RESULTS ENCOURAGING TO PUT TEAM ON GROUND IN SECOND YEAR FOR DETAILED TESTING.

3. ACCORDING TO FROST AND BACKUS NEGOTIATIONS WITH GON ARE DIFFICULT AND PROTRACTED PARTLY BECAUSE OF INEXPERIENCE OF NEW GOVERNMENT (ALTHOUGH MOST OF OFFICIALS AT TECHNICAL LEVEL ARE SAME AS IN PREVIOUS REGIME) AND ALSO BECAUSE NEW GOVERNMENT FOR POLITICAL REASONS WANTS DEAL WHICH IS BETTER THAN ANY DIORI CONCLUDED WITH FRENCH. GON IS ASKING FOR VARIOUS TAX CONCESSIONS AND SUBSTANTIAL INITIAL BONUS. LATEST GON SUGGESTION FOR BONUS IS CONTRIBUTION TO NIGER DEVELOPMENT IN FORM OF TWO RIGS TO DRILL WATER WELLS AND SCHOLARSHIPS TO SEND NIGERIANS TO US FOR TECHNICAL TRAINING IN MECHANICAL ENGINEERING AND GEOLOGY.

4. ESSO REPS ALSO REPORT FRENCH ARE TAKING DIM VIEW OF ESSO'S ACTIVITIES. CEA SENT COMMISSIONER TO NIGER EARLY THIS YEAR TO URGE GON NOT TO DEAL DIRECTLY WITH ESSO AND CEA HAS THREATENED TO SUSPEND ITS PURCHASES FROM ESSO IN US. ESSO APPARENTLY BELIEVES STAKES HIGH ENOUGH TO RISK FRENCH DISPLEASURE.

5. ESSO REPS ALSO UNDERSTAND NIGER IS ASKING FRENCH TO RAISE PRICE OF URANIUM PRODUCED HERE FROM PRESENT \$10 PER POUND TO \$20. IN THIS CONNECTION FRENCH AMBASSADOR TELLS ME THAT URANIUM NEGOTIATIONS SUSPENDED AT TIME OF DIORI OVER-THROW HAVE NOT BEEN RESUMED. FRENCH HAVE TOLD GON THEY PREPARED TO TALK AT ANY TIME BUT GON SAYS IT IS NOT YET READY. ESSO RECOGNIZES GON MAY BE USING ESSO TO IMPROVE ITS BARGAINING POSITION WITH FRENCH.

6. WE HAVE TOLD ESSO REPS THAT IF THEY DECIDE UNDERTAKE ANY DEVELOPMENTAL PROJECTS AS BONUS PAYMENT, WE WILL BE GLAD TO SHARE OUR EXPERIENCE IN THIS FIELD WITH THEM. COMMENT: IF ESSO IS SUCCESSFUL IN ITS NEGOTIATIONS WITH NIGER, THIS WILL BRING SECOND AMERICAN COMPANY INTO MINERALS EXPLORATION FIELD, FIRST BEING CONOCO. PERHAPS MORE SIGNIFICANT, ESSO WILL BE FIRST FOREIGN COMPANY TO ENTER DIRECTLY INTO AGREEMENT WITH NIGER FOR URANIUM WITHOUT FRENCH CEA PARTICIPATION. OTHER FOUR GROUPS WITH URANIUM CONCESSIONS HAVE CEA AS ONE OF PARTNERS.
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30 JUN 2005

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